

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7171

BILL NUMBER: HB 1145

NOTE PREPARED: Jan 6, 2013

BILL AMENDED:

SUBJECT: Payments to Political Subdivisions or Utilities.

FIRST AUTHOR: Rep. Candelaria Reardon

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill authorizes a political subdivision or municipally owned utility to charge a reasonable fee for administration and convenience when accepting a credit card or bank card for payments.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill will have indeterminate fiscal impact on the administration of credit or bank card payments. The authority to charge a reasonable fee rather than the actual transaction charge or discount fee charged, could reduce complexity in administering credit or bank card payments for the political subdivision or municipally owned utility. Whether the reasonable fee offsets, exceeds, or is less than the charges incurred for accepting credit or bank card payments will vary with each payment. However, a charge for the convenience of using a credit or bank card could increase revenue for political subdivision or municipally owned utilities above actual costs incurred.

Background: Under current law, the fee may not exceed the transaction charge or discount fee charged to the political subdivision or municipally owned utility. As a result, the transaction charge or discount fee should vary for each transaction based on the credit or bank card used, and it should offset incurred costs.

Under the bill, a political subdivision or municipally owned utility could either have a different charge for each

transaction or could set a reasonable fee. A reasonable fee may apply to all transactions, depending on the decisions of the political subdivision or the municipally owned utility. Assuming a uniform fee and depending on the retail merchant agreements, on each individual transaction the political subdivision or municipally owned utility would offset its costs, or change more or less than the cost of the transaction.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Political subdivisions and municipally owned utilities.

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106.